GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

UNSTARRED QUESTION NO:4822
ANSWERED ON:30.03.2017
Special Funds for Development Activities
Kashyap Shri Virender

Will the Minister of PANCHAYATI RAJ be pleased to state:

a) whether it is true that after the 14th Finance Commission, the elected members of Zila Parishad and Block Sammities have been debarred of their special funds kept under their jurisdiction for various developmental activities;

b) if so, the details thereof;

c) whether there is any proposal to permit the States to continue such special funds; and

d) if so, the details thereof and if not the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PANCHAYATI RAJ
(SHRI PARSHOTTAM RUPALA)

(a) & (b) : Under the Fourteenth Finance Commission (FFC), grants to the tune of Rs. 2,00,292.20 crore are being devolved to Gram Panchayats constituted under Part IX of the Constitution for the award period 2015-20, amounting to an assistance of Rs. 488 per capita per annum at an aggregate level to 26 States for delivering basic services, creation of reliable data base of local bodies' receipts & expenditure through audited accounts and for improvement of own source revenue. The Commission has recommended that these grants should go only to Gram Panchayats as they are directly responsible for delivery of basic services without any share for other levels. The Government has accepted the recommendations of the FFC and funds are being released as per the recommendations.

All the three tiers of Panchayats receive funds from various sources including awards of the Union Finance Commission, State Finance Commissions (SFCs), programmes of Union and State Governments and through tax/non-tax measures. These Panchayats are also mandated to generate their own resources. The grants received through the Union Finance Commission award are merely an additionality, as the States also have to provide sufficient resources to the Panchayats. The Finance Commission has inter alia also observed that the State Governments are expected to take care of the needs of the Taluk and Zila Panchayats. It is incumbent upon the State Governments to utilise the enhanced fiscal space made available to the States by the FFC on account of higher devolution from 32% to 42% of the Centre's net tax receipts for the purpose. The Ministry of Panchayati Raj has already reiterated the recommendations of the FFC to the State Governments for providing adequate funds to other two levels of Panchayats.

(c) : There is no such proposal.
(d) : Does not arise.
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